

# TRUSTEES' OPEN MEETING MINUTES

**PLACE:** Funds Administration Conference Room/Lansing, MI

**DATE:** June 12, 2013

**TIME CALLED TO ORDER: 9:00 a.m.**  
**MOVED TO CLOSED SESSION: 9:43 a.m.**  
**RETURNED TO OPEN SESSION: 10:20 a.m.**  
**OPEN MEETING ADJOURNED: 10:22 a.m.**

**MEMBERS PRESENT:**

Trustees: Douglas A. Green, Kevin A. Elsenheimer and Michael T. Reid

Assistant Attorney General: Dennis J. Raterink

Funds Staff: Mark C. Long, Allison Kelly, Richard W. Smith & Lavonne Blonde

**EXCUSED:**

Janice Remer and Brian Galin

**PRESIDING PERSON:**

Mark C. Long, Funds Administrator

**RESPECTFULLY SUBMITTED:**

Lavonne Blonde, Executive Secretary

#	TOPIC	MOTIONS/SECOND/AMENDMENTS MEMORANDUMS/LETTERS	SUMMARY/RESULT
1.	Open Minutes from April 17, 2013 Trustee Meeting.	April 17, 2013 Open Minutes.  Motion by Kevin Elsenheimer to approve the open minutes of April 17, 2013 as written. Michael Reid supported.	Unanimous approval. Minutes approved.
2.	Financial Statements	Revised January 2013 SIF & SISF Financial Statements; Revised February 2013 SIF, SDDF & SISF Financial Statements; March and April 2013 Financial Statements and Quarter Ending March 2013 Financial Statements.	Mark Long presented revised January and February 2013 Financials statements noting that in reviewing March and April 2013 financial statements we discovered LARA Finance was incorrectly recording benefit payments. The year-to-date balances did not change. Douglas Green stated that it was comforting to know that we are reviewing and asking questions about the finances. Mark reviewed the remaining financials statements and noted that each provision has sufficient funding to carry through this assessment cycle. With regard to the SISF; it has sufficient funding sans Delphi. However, when the

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2.	Financial Statements		<p>Potential exposure on Delphi is factored in; the SISF is facing insolvency.</p> <p>Trustees discussed.</p>
3.	Assessments	None.	<p>Mark Long advised that we received notice from Ulico Insurance Company that they will not be paying their 2013 assessments. This matter has been forwarded onto the Attorney General's office to handle. Dennis Raterink advised that Brain Galin will be handling and will file the necessary paperwork. Dennis also commented that after briefly looking at this situation, we'd be lucky to get pennies on the dollar for our assessment claim.</p> <p>Trustees noted.</p> <p>Mark indicated that thru MIRS we were made aware that the City of Hamtramck is on the verge of having an Emergency Financial Manager appointed. After reviewing our file, a system glitch, specifying party type, was found that had prevented them from being notified of their assessments due since 2010. After discovering this error, a query was ran to see if this had happened to any other employers and we did find one, City of Madison Heights. Both cities have now received notification of assessments due, both past and present and we are working on programing in FAIS to correct this issue. In addition, we have added additional procedures to prevent this from happening in the future.</p> <p>Trustees discussed.</p> <p>Mark also advised that we continue to work with DIT to collect yearly indemnity electronically. This system will be similar to the system used by Health Care Services to collect annual medical payment information. We are also moving forward on the project to collect assessment payments electronically via ACH Credit with DIT, Treasury and UIA.</p> <p>Trustees discussed.</p> <p>Finally, Mark indicated that we are at approximately 10% on</p>

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3.	Assessments	None.	assessments collected which is normal for this time of year. We expect a big push at the end of June and in the beginning of July. We have heard feedback that companies are appreciative that we call assessments at the same time every year.  Trustees discussed.
4.	AAG/SAAG Activity and Reports	April 2013 Litigation and Billing Reports.	Dennis Raterink noted that there was nothing significant to report. We continue to work to shift cases from SAAG to AAG but not a lot of recent change.  Trustees noted.
5.	High Profile Litigation Report	Report.	Mark Long advised not a lot of activity on this report this month; we continue to wait on the Smither decision. The Smither outcome directly impacts Beechler; Beechler has been held in abeyance. The Court of Claims case against ACE is up for oral argument on June 26 <sup>th</sup> .  Trustees noted.
6.	BOM & MCAC Outcome	Report.	Mark Long presented and reviewed this new report indicating these are only 2013 cases.  Trustees discussed.
7.	Redemption Activity Report April 9, 2013 – June 4, 2013	Report.	Mark Long asked if there were any questions on the redemption activity report, which is a report showing the settlements made within the Funds authority since the last trustee meeting.  Trustees noted.
8.	Policy Updates	Updates.	Mark Long reviewed the policy updates for section 4-1, stipulated redemptions and 6-2, the increase in hourly SAAG rate. Mark indicated that we will be sending an electronic version of the policy manual out in the near future.  Trustees noted.
9.	IT Updates	None.	Mark Long advised that we are still in the testing phase for Windows 7; we have not run into any issues while testing. We are waiting for a push date from DTMB.  Trustees noted.

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9.	IT Updates		<p>Also, we are working on the following upgrades in FAIS: Compliance with the Workers' Compensation Agency's requirement for forms to be OCR (optical character recognition) compliant, the ability to calculate post injury wage earning capacity, paying claimants electronically and tracking reserves on claims. We expect to have an OCR form draft to the Agency for review in the near future. Finally, we will proceed with DIT to develop a system to collect indemnity electronically and also to interact with FAIS.</p> <p>Trustees noted.</p>
10.	Funds Administration Overview	Funds Administration Overview May 2013.	<p>Mark Long presented the Overview for 2012 noting that a few areas had been tweaked and a few new things added. There is one correction; on page 22 the pie chart was missing the Dust Fund. The corrected version can be found on the website. Mark gave highlights of the overview.</p> <p>Trustees noted.</p>
11.	SISF Reinsurance	None.	<p>Mark Long indicated that Rick Smith and his staff put together reserves on all the SISF files and that information has been sent to the State of Michigan's insurance broker. We are waiting to see what comes out of their review of the material sent. By the August meeting, we should have information to present.</p> <p>Trustees noted.</p>
12.	IAIABC	<p>None.</p> <p>Motion by Douglas Green to support attendance to the annual International Association of Industry Boards and Commissions conference. Michael Reid supports. Kevin Elsenheimer abstained.</p>	<p>Mark Long requested authorization for himself, Kevin Elsenheimer and Dennis Raterink to attend the annual IAIABC annual convention being held in San Diego, CA. in the fall. The Self-Insurers' Guaranty Fund Administrators (SIGFA) meets concurrently with IAIABC.</p> <p>Trustee discussed. Motion approved.</p>
13.	Any Other Items Before the Board	None.	<p>Mark Long stated that due to the agenda going out a week or so ahead of time he had some additional items to add. He attended the MSIA Spring Conference and had a couple good meetings with the MSIA Executive Board regarding the issues the SISF is facing. Having moved on from the reserve topic they are now focusing on the pending legislative changes. Both Mark and Jerry Marcinkoski spoke of these issues in their speeches at the conference.</p>

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13.	Any Other Items Before the Board		Trustee discussed.  Mark also advised that a request has been received from Hostess/Interstate Brands asking for detailed information on claims being paid out of the trust. Mark has discussed this with our attorney Bill Denner and Bill is in the process of drafting a response to Hostess/Interstate Brands. This issue will be discussed further in closed session as it has direct financial impact on the SISF.  Trustees noted.
14.	Moved into Closed Session	Motion made by Douglas Green to move into closed session to discuss issues of trial or settlement strategy with Council and attorney-client privileged documents. Michael Reid supported.	Unanimous approval. Moved into closed session at 9:43 a.m.
15.	Closed Minutes from February 13, 2013.	April 17, 2013 Closed Minutes.  Motion made by Douglas Green to approve the closed minutes from April 17, 2013 as presented in closed session. Michael Reid supported.	Unanimous approval.
16.	Menck, Warren v. Hostess/Interstate Brands & SISF	Motion by Douglas Green to authorize settlement authority, as agreed upon in closed session, on the Warren Menck v. Hostess/Interstate Brands & SISF case. Michael Reid supported.	Unanimous approval.
17.	Next Meeting	None.	The next meeting will be held on Wednesday, August 21, 2013 at 9:00 a.m.  Trustees noted.
18.	Adjourn Session	Motion by Michael Reid to adjourn the meeting. Douglas Green supported.	Unanimous approval. Session adjourned at 10:22 a.m.

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Douglas A. Green, Trustee Chair

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Date

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Mark C. Long, Funds Administrator

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Date